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FM AMEMBASSY ASHGABAT

TO RUEHC/SECSTATE WASHDC 2960

INFO RUCPDOC/DEPT OF COMMERCE WASHDC PRIORITY

RUEATRS/DEPT OF TREASURY WASHDC PRIORITY

RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE

RUCNCIS/CIS COLLECTIVE

RUCNMEM/EU MEMBER STATES COLLECTIVE

RUEHAK/AMEMBASSY ANKARA 5302

RUEHBJ/AMEMBASSY BEIJING 3032

RUEHKO/AMEMBASSY TOKYO 2897

RUEHIT/AMCONSUL ISTANBUL 3546

RUCNDT/USMISSION USUN NEW YORK 1023

RHMCSUU/CDR USCENTCOM MACDILL AFB FL

RUEHVEN/USMISSION USOSCE 3613

RUEAIIA/CIA WASHDC

RHEFDIA/DIA WASHDC

RHEHNSC/NSC WASHDC

RUEKJCS/SECDEF WASHDC

RUEKJCS/JOINT STAFF WASHDC

UNCLAS SECTION 01 OF 02 ASHGABAT 000740

SENSITIVE

SIPDIS

STATE FOR SCA/CEN; EEB

E.O. 12958: N/A

TAGS: PGOV ERD EIND TX KS

SUBJECT: TURKMENISTAN: SOUTH KOREAN COMPANIES DOMINATE A TEXTILE EXHIBITION

¶1. (U) Sensitive but unclassified. Not for public Internet.

¶2. (SBU) SUMMARY: The June 7-9 textile exhibition in Ashgabat, organized by the Turkmen Government, hosted the representatives and displays of local enterprises and some 30 foreign companies seeking to enter the market or expand their business in the country. Although many of the exhibitors were the usual crowd of local companies, 13 South Korean companies that provide a variety of materials and services to the textile industry were represented at the exhibition this year. The South Korean Government and businesses may have assessed that there is a market opportunity in this developing sector, and they are taking it. Alternatively, Korean officials may be promoting further bilateral cooperation in this sector as a quid pro quo aimed at improving the prospects for more lucrative energy or construction projects. END SUMMARY.

¶3. (SBU) The Ministry of Textile Industry of Turkmenistan organized an international textile exhibition named "Principal Directions of the Turkmen Textile Industry Development," June 7 - 9 in Ashgabat. More than 60 local and foreign enterprises displayed their products at the exhibition. The organizers also conducted an economic forum alongside the exhibition on June 8. Foreign and local textile experts, business representatives and government representatives participated in the forum, which reportedly focused on joint development of Turkmenistan's textile industry. All the Deputy Cabinet Chairmen, other high-ranking government officials and the diplomatic corps attended the opening ceremony of the exhibition, which included a Turkmen-themed, runway-style fashion show.

¶4. (SBU) The Turkmen textile industry was represented by 30 state-controlled factories that produce various types of textile materials and end products that are well-known

in the country. A small number of local private firms also exhibited their products, mostly small-scale textile production including traditional crafts.

15. (SBU) The percentage of foreign companies present at the exhibition was surprisingly high for Turkmenistan, mostly due to the participation of 13 South Korean companies that produce various types of textile industry-related materials ranging from dyes and chemicals to machinery and finished products. (NOTE: The presence of 13 Korean companies constituted almost half of the foreign private enterprise representation. END NOTE.) None of the Korean companies currently operates in Turkmenistan nor has ties with local businesses, so for them it was a first attempt to enter the Turkmen market. The Korean Institute of Industrial Technology (KITECH), a Korean Government-funded research institute that supports the industrial and technical development of small and medium enterprises, arranged the participation of the South Korean companies in the exhibition. A South Korean Embassy employee told Post local staff in a telephone conversation that the Turkmen-Korean Intergovernmental Commission also played a significant role in bringing the Korean companies to the exhibition.

16. (SBU) Among other foreign companies that used the exhibition as an opportunity to enter the local textile market were Sympatex Technologies GMBH (Germany), Chaykovsky Tekstil (Russia), Kamvol (Belarus), and TK-Donbass (Ukraine). There was an allegedly U.S.-based company called VPK International LLC that was exhibiting

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uniforms and industrial clothing. (NOTE: A quick internet search revealed no U.S.-based company by that name. It was more likely Ukrainian. END NOTE.) The exhibition also included foreign companies that have been doing business in Turkmenistan for a long time. These included the Turkish construction companies Kotam Enterprises, Engin Group, and Ahmet Calik's Gap Insaat, Swiss companies Bezema, Rieter, and Huntsmann, the Russian firm UTUMA, Italian companies Marzoli and Savio, and Belgian firms Le Kler and Meert.

17. (SBU) COMMENT: The extensive South Korean participation made this exhibition different from other exhibitions of this kind that take place in Ashgabat quite often. South Korean officials and businesses have become increasingly active in Turkmenistan over the last two years, and the two governments exchanged presidential visits and established an intergovernmental commission for economic cooperation during that time as well. In general, high-level bilateral contacts and agreements have been the easiest and fastest way for foreign companies to enter the Turkmen market. Although it is hard to tell whether the Korean companies participated at the behest of the Turkmen government or on their own initiative, joint business activity in this sector could benefit other areas of the bilateral relationship in which the Koreans are seeking progress, including energy sector work and major construction. It may be that the Turkmen side, through the bilateral "intergovernmental economic commission" -- tasked with mapping out the two countries' economic cooperation -- requested the participation of the Korean textile industry companies in the exhibition, in order to encourage the industry's further development in Turkmenistan. END COMMENT.

MILES